



Federal Communications Commission
Washington, D.C. 20554

MAY 3 1996

DOCKET FILE COPY ORIGINAL

RECEIVED

MAY 9 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

The Honorable Conrad Burns
United States Senator
415 North Higgins
Missoula, Montana 59802

Dear Senator Burns:

Thank you for the letter dated March 28, 1996, on behalf of your constituent, James G. O'Fallon, regarding the Commission's policies for licensing 800 MHz Specialized Mobile Radio (SMR) systems. Mr. O'Fallon expresses concern regarding the Commission's decision to redesignate the 800 MHz General Category Pool frequencies. Mr. O'Fallon also expresses concern about the proposed use of competitive bidding procedures to award future licenses on these frequencies.

On December 15, 1995, the Commission issued a First Report and Order, Eighth Report and Order, and Second Further Notice of Proposed Rule Making (First Report and Order) in PR Docket No. 93-144, which addressed the treatment of the General Category. In the First Report and Order, the Commission determined that the overwhelming majority of General Category channels are used for SMR as opposed to non-SMR service. In fact, our licensing records indicate that there are three times as many SMR licensees using General Category channels as any other type of Part 90 licensee. The Commission therefore concluded that the most efficient use of the General Category channels would be to redesignate them exclusively for SMR use. Thus, the First Report and Order provided that in the future, only SMR service providers will be eligible for new licenses in the General Category pool. Existing non-SMR licensees on General Category channels will continue to operate under their current authorizations, however, and will be fully protected from interference by new SMR licensees. In addition, the Commission's decision specifies that SMR service providers are no longer eligible to apply for licenses on Business or Industrial/Land Transportation channels. As a result, we anticipate that the First Report and Order will make more spectrum available for licensees such as Mr. O'Fallon, who are currently eligible, and will continue to be eligible, to apply in the Business and Industrial/Land Transportation categories. For your convenience and information, enclosed is a copy of the Press Release concerning the First Report and Order, which includes a summary of the principal decisions and proposals made.

The Commission's decision to auction 800 MHz SMR spectrum is consistent with Section 309(j) of the Communications Act, which sets forth certain criteria for determining when auctions should be used to award spectrum licenses. Pursuant to these criteria, auctions are to be used to award mutually exclusive initial licenses or construction permits for services likely to involve the licensee receiving compensation from subscribers. The statute also requires that the Commission determine that auctioning the spectrum will further the public interest objectives of Section 309(j)(3) by promoting rapid development of service, fostering competition, recovering a portion of the value of the spectrum for the public, and encouraging efficient spectrum use. The Commission has concluded that auctioning of SMR licenses

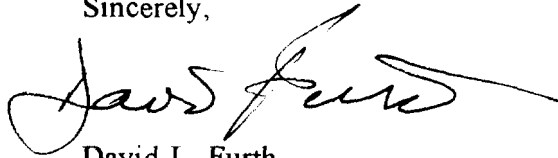
The Honorable Conrad Burns

2.

satisfies these criteria. In particular, we believe that auctions will minimize administrative or judicial delays in licensing, particularly in comparison to other licensing methods such as comparative hearings, lotteries (which are specifically prohibited by the statute if the service is auctionable), or "first-come, first-served" procedures. We note that the statute does not distinguish between new services (such as Personal Communications Services) and existing services in terms of whether initial licenses in a given service are auctionable. As noted above, however, the Commission's decision to use auctions applies only to issuance of initial licenses in the service, and is not intended to affect rights afforded to licensees under existing authorizations.

Thank you for your inquiry.

Sincerely,

A handwritten signature in black ink, appearing to read "David L. Furth", with a long horizontal flourish extending to the right.

David L. Furth
Chief, Commercial Wireless Division
Wireless Telecommunications Bureau

Enclosure

United States Senate

WASHINGTON, DC 20510-2603
(202) 224-2644

March 28, 1996

COMMITTEES:

APPROPRIATIONS
COMMERCE, SCIENCE, AND
TRANSPORTATION
ENERGY AND NATURAL
RESOURCES
SMALL BUSINESS
SPECIAL COMMITTEE ON AGING

PRB
doctet
1745

Ms. Judith L. Harris
Director, Office of Legislative Affairs
Federal Communications Commission
1919 M Street, N.W., Room 808
Washington, D.C. 20554

Dear Ms. Harris:

Mr. James G. O'Fallon has contacted my office regarding concerns with a recent Federal Communications Commission (FCC) decision to reallocate 150 channels in the 800 MHZ band.

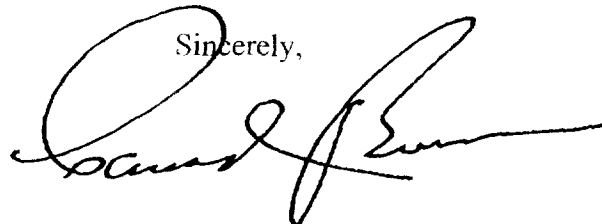
I understand these channels have been shared jointly by both private and commercial licensees for more than twenty years. Mr. O'Fallon states, his company is a two-way radio sales and service organization that has been in business since 1956. They use the 800 MHZ license as vital and necessary part of their communication network with their employees.

My constituent feels the FCC action has provided itself authority to conduct auctions, which seems extremely predatory to the rights afforded his company. Mr. O'Fallon is requesting the FCC reverse its recent redesignation of the 800 MHZ band

I would appreciate your review of the enclosed correspondence. You may direct your response to my office at: **U. S. Senator Conrad Burns, attention: Julie Altemus, 415 North Higgins, Missoula, MT 59802, (406) 329-3528.**

Thanks for your attention to this matter.

Sincerely,



Conrad Burns
United States Senator

CRB/jaa
Enclosure
C000453530

RECEIVED MAR 27 1996



Falls Communications, Inc.

814 5TH STREET SOUTH • GREAT FALLS, MT 59405 • 406 452-0796 FAX 406 771-1745

March 19, 1996

Dear Senator Burns:

Re: FCC PR Docket No. 93-144, Redesignation of the 800 MHz General Category Pool to a Commercial-only Service and Proposed Implementation of Competitive Bidding Processes

In the above-referenced proceeding, the Federal Communications Commission has reallocated 150 channels in the 800 MHz band that have been shared jointly by both private and commercial licensees for more than twenty years. The FCC's justification for this aggressive action was simply that the "overwhelming majority" of the channels were used for commercial operations. In fact, while there are a significant number of commercial subscriber-based operations, there are also more than 3,400 non-commercial licensees. We happen to be one of the latter who do not use the spectrum to generate business revenues.

Falls Communications, Inc. is a two-way radio Sales and Service organization that has been in business since 1956. We use the 800 MHz license as vital and necessary part of our communications network with our employees.

Now that the FCC has reclassified the band for commercial use, it has, simultaneously, provided itself authority to conduct auctions and has proposed to do so. These actions are extremely predatory to the spectrum rights that were afforded my company. We should retain a fairly reasonable expectation that -- as a non-commercial entity operating a radio system in a spectrum band where there is little opportunity for mutually exclusive applications -- we would not be subjected to federally forced competitive bidding processes.

We do not support -- nor do we believe you should support -- FCC regulatory actions that would seem to exceed the FCC's auction authority as set forth in the Omnibus Budget Reconciliation Act of 1993. In granting authority to the FCC to award such authorizations by auction, we understood that Congress expressly limited such authority to situations involving mutually exclusive applications. Further, section 309 (j)(6)(B) of the 1993 Budget Act directed the FCC to make every effort to avoid mutually exclusive situations by use of engineering solutions, such as frequency coordination. The opportunity to generate revenues was not to be used as justification for ignoring this congressional directive.

We respectfully request that you urge the FCC to reverse its recent redesignation of the 800 MHz General Category pool. That action alone would preclude the FCC from instituting auction processes in a band that is heavily encumbered by both private and commercial licensees. We are at a loss to understand federal government action that would expose our firm to having to compete for spectrum through auctions when our assigned channels were validly licensed in accordance with existing policy.

Your interest and assistance will be most appreciated.

Sincerely,

A handwritten signature in dark ink, appearing to read 'James G. O'Fallon', is written over a horizontal line.

James G. O'Fallon
Vice President
Falls Communications, Inc.

20140 COMM-FALLS
71:1117 93 271 96

Commercial Wireless Division

BWoolford

j:\congress\9601745